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USDOC FOR 532/OEA/MNICKSON/ADYSON
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR PATRICK SANTILLO
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

SIPDIS

E.O. 12958: N/A

TAGS: BMGT BEXP HK ETRD ETTC

SUBJECT: EXTRANCHECK: POST SHIPMENT VERIFICATION: CHESTER VIEW LTD.

REF: A) USDOC 07198

¶11. Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

¶12. As per reftel A request and at the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO) conducted a post shipment-verification (PSV) at Chester View Ltd., 1/F1 Mau Lam Commercial Bldg, 16-18 Mau Lam Street, Hong Kong (Chester View). The items in question for this PSV are four pulse generators exported to Chester View on or about September 27, 2008. On the applicable shippers export declaration (SED), the items are classified under export control classification number (ECCN) 3A002. This ECCN is one of a group of ECCNs that do not require a license for export/reexport to Hong Kong but may require a license to mainland China. The exporter was Quantum Composers Inc., of Bozeman, Montana.

¶13. According to the Hong Kong Companies Registry, Chester View has been in existence since 2005. Its paid up share capital is the Hong Kong equivalent of USD 1250. The Hong Kong Companies Registry lists Indian national, Mr. Anand Vardhan as director.

¶14. A review of the Chester View's web site (www.chesterviewltd.com) reveals that Chester View specializes in the manufacturing and distribution of a range of electrical and electronic test equipment. It claims to be able to provide turn-key test solutions for defense and aerospace applications and states that Chester View customers are R&D and manufacturing companies in the defense, space, aeronautical, automobile, telecom and electronic sectors. The web site does not include any phone or e-mail contact information.

¶15. Further web research reveals that the company is located at the address of Buttar HK Limited, a corporate secretarial service that appears to cater to Indian companies. According to the Hong Kong Companies Registry, Mr. Vardhan is also a director in three other companies, namely Max Star Electronics Technology Limited (no apparent web presence), RSL-Electronics Limited (www.rsl.co.il) and Vincent Asia Pacific Limited (www.vincentasiapacific.com). RSL Electronics is an Israeli developer and manufacturer of control diagnostics and prognostics systems for aerospace, marine and land applications. The Israeli company claims widespread use in military applications worldwide. Vincent claims to have maintenance and repair facilities for BARCO in the Asia Pacific region (more on BARCO below).

¶16. It took over two months to finally arrange a meeting with Mr. Vardhan regarding this shipment. He claimed to be on extensive travel in the region and India. It became clear that Mr. Vardhan does not reside in Hong Kong and it does not appear that the company has any other employees or physical location save for the modest offices of Buttar HK Limited.

¶17. On March 9, 2009, ECO visited the company at the address noted

above and met with Mr. Vardhan, Director. He stated that Chester View is a trading company set up in 2005. He stated that he operates in Hong Kong because it is easier than operating out of India. His primary market is India. He also stated that Vincent and Max Link (referenced above) are dormant trading companies. He has just begun a collaboration with RSL (he described this company as providing equipment to conduct diagnostics for wind energy turbines). He does not sell to mainland China.

¶ 18. Mr. Vardnan stated that the customer for the items in question was BARCO (Belgian American Radio Company). This company manufactures wall screens and monitors and the items are to be used in the testing of display systems (www.barco.com). Mr. Vardnan states that the items were for use in India and he provided documentation confirming that the items had been transferred in Hong Kong to BARCO's designated freight forwarder. Mr. Vardnan provided additional documentation confirming sale of additional units of the same product to Bharat Electronics in India (likely for military use).

¶ 19. Mr. Vardnan was open and cooperative during the interview and stressed his willingness to comply with U.S. export controls. ECO provided by subsequent e-mail various additional information about U.S. export controls. ECO found Mr. Vardnan to be credible in his explanations.

¶ 110. In light of various aspects of this PSV (no apparent Chester View Hong Kong physical location, delay in scheduling check, unorthodox shipping pattern), ECO hesitates to declare that Chester View is a suitable recipient of U.S. origin technology. At the same time, ECO notes that Mr. Vardnan's statements were credible and ECO can find no evidence that any violations of the Export Administration Regulations occurred in connection with the transactions that were the subject of the PSV. ECO requests that

OEA conduct a review of the technical specifications of the items to determine whether a license was required for their shipment to Hong Kong and subsequent reexport to India.